

2013.14

DRAFT ANNUAL  
REPORT

MTHONJANENI MUNICIPALITY

# Chapter 3

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## CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR’S FOREWORD

#### MAYOR’S FOREWORD

As a Mayor of this council it gives me a great pleasure to present the Annual Report for the things we had achieved as this council.

When we took over in 2011, there was a high rate of backlog in road and electricity infrastructure. The council took a firm decision that the budget for infrastructure will be towards the rural community.

We have managed to build 18 access roads in rural areas and 6 in urban areas using MIG as well as internal resources.

The municipality prides itself that it is in a sound financial position and that can be attributed to a stringent financial management implemented by this council.

The council is able to pay its creditors within 30 days; I therefore challenge everyone who is in doubt to trade with municipality to do so because payment is done within 30 days.

This has been attested by Auditor General who praised the municipality that it pays within a prescribed period.

The community participants in the affairs of the municipality through IDP, that has also been extended to Traditional Courts as well, where we hold IDP and budget road shows with Amakhosi and their izindunas.

The council has budget for the implementation of s (81) of MSA, where the Amakhosi are expected to participate in the affairs of the council.

That is pleasing because traditional structure is a champion for the development in rural areas.

There is a good working relation with our rate payers; we have been conservative during past 2 years and by not increase rates to give relief to our rates payers.

As the council we are equal to the challenge of absorbing 4 wards from Ntambanana Municipality plans are in place to ensure that enough space is available for both staff and councillors coming from Ntambanana.

Even though there will be challenges at the beginning on is optimistic that this will increase the revenue base for Mthonjaneni Municipality in a long run.

To conclude, it my sincere wish that we our term of office expires we sure case something that we will pride ourselves with and also the community we serve.

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Thank you

**CLLR M.N. NDLANGAMANDLA**  
**MAYOR**

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## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

#### MUNICIPAL MANAGER'S OVERVIEW

The 2013/2014 financial year has many things to be remembered for among which is the challenge with the implementation of wage curve which some staff members had to take it to the street, but thank you to the Union leaderships which soon realised that National challenges cannot be resolved at a local level.

MIG expenditure was at 100%. We had no challenge of having to request the rollover from the National Treasury as that has been the case in the past.

The road upgrade in both rural and urban areas made it possible to bring materials on site for rural housing, only less than 10 beneficiaries had accessible challenges.

These beneficiaries were given first priority when the budget for 2014/2015 financial year was allocated.

The electrification of Ward 5 resulted in a relief on number of households without electricity. The areas that gives municipality a sleepless night is Thengele and Bomvini because of the challenge that servitude line crosses over Mondi forestry and Eskom whose competency to build that line is currently undergoing the internal challenges.

The challenge that we still have is the shortage of the community halls, the council wanted to address the road infrastructure backlog first before embarking on the construction of the community halls.

The municipality is financially sound despite the fact that revenue collection rate is not where it wants it to be because of the global economic challenges. The municipality did not do well in traffic offences revenue collection, I am pointing out at this because in terms of Grab new reforms you need to make provision for debt impairment based on the number of tickets issued.

The political stability in the municipality makes it possible to implement council resolution as a result municipality could not find itself of having to delay the implementation of resolution because the council could not decide on the matter.

The ever increasing trend indigent support dependency is of greatest concern to this Council and the Municipality is unable to cope with that demand.

The bursary scheme that municipality provides has enabled more than 60 learners who would not having be able to fund themselves for Tertiary Institution fees able to get admission to such institutions.

It is pleasing to note that the municipality has constantly maintained unqualified audit opinion with

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emphasis of matter. Queries decreasing year by year which gives on confidence that 2014/2015 municipality audit we shall will be counted among those who obtained clean audits.

The community fully participate in the affairs of the municipality through IDP and izimbizo and thus enables municipality to deliver on the constitutional mandate.

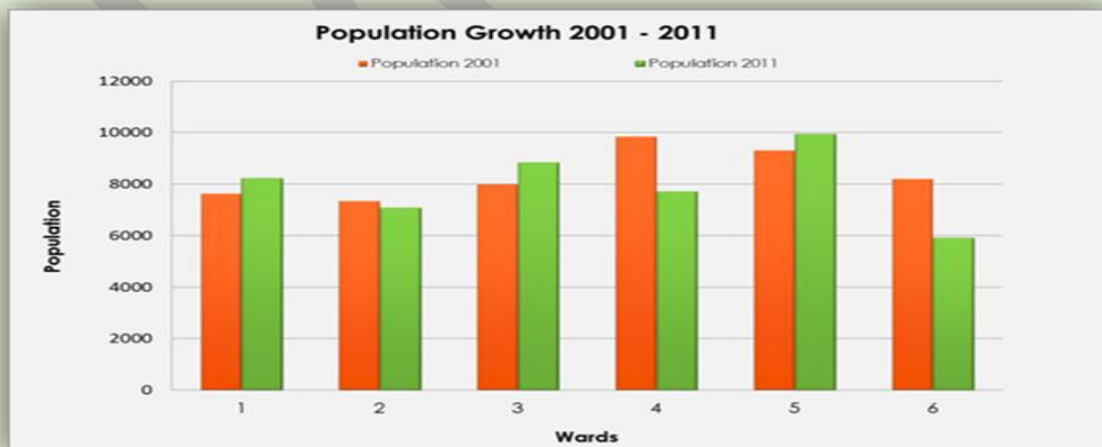
To conclude the municipality is going towards the right direction in terms of what is expected of the municipality and is optimistic that in the years to come it will be able to have reached the maturity stage.

I hope to see municipality receiving many accolades in the future.

I thank you

## 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Ward	Black African	Coloured	Indian or Asian	White	Other	Grand Total
1	7835	112	66	217	30	8259
2	6942	66	8	62	39	7117
3	8830	5	7	3	-	8845
4	7656	14	15	30	7	7722
5	9931	7	15	2	5	9960
6	5895	9	3	5	1	5914
<b>Total</b>	<b>47089</b>	<b>214</b>	<b>114</b>	<b>320</b>	<b>81</b>	<b>47818</b>



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SOCIO ECONOMIC STAUS					
Ward	Employed	Unemployed	Discouraged work-seeker	Other not economical active	Not applicable
1	3036	797	265	1640	8259
2	2088	284	352	1745	7117
3	331	690	365	3143	8845
4	988	523	450	2184	7722
5	747	206	521	3719	9960
6	379	520	356	1898	5914
<b>Total</b>	<b>7569</b>	<b>3020</b>	<b>2309</b>	<b>14330</b>	<b>47818</b>

## 1.3. STATUTORY ANNUAL REPORT PROCESS

The table below reflects the process that will be followed in developing the 2013/2014 financial year annual report.

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July 2014
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August 2014
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September – October 2014
12	Municipalities receive and start to address the Auditor General's comments	November 2014
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	

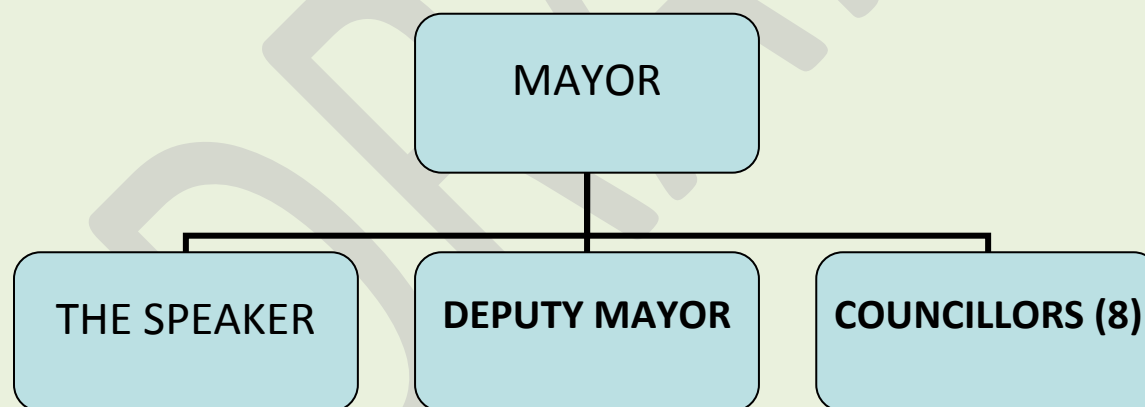
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16	Council adopts Oversight report	December 2014
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January 2015

## 2.1 POLITICAL GOVERNANCE

### INTRODUCTION TO POLITICAL GOVERNANCE

The Mthonjaneni Municipality consists of a total of 11 Councillors. These members were sworn into office after the local government elections in 2011. The diagram below reflects the structure of the political structure within Mthonjaneni Municipality.



### POLITICAL STRUCTURE



**MAYOR**  
Cllr M N Ndlangamandla



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## **DEPUTY MAYOR**

Cllr GVB Gumede

## **SPEAKER**

Cllr N A Jiyane

## **MTHONJANENI COUNCILLORS**

Mayor M.N Ndlangamandla PR Councillor  
Deputy Mayor GVP Gumede Ward Councillor  
Speaker N.A. Jiyane PR Councillor  
Cllr E.M. Masikane Ward Councillor  
Cllr P.E. Ntombela Ward Councillor  
Cllr S.M. Khuzwayo Ward Councillor  
Cllr M.N. Biyela Ward Councillor  
Cllr M.S. Zulu PR Councillor  
Cllr H.K.L. Zungu PR Councillor  
Cllr S.B.K. Biyela PR Councillor

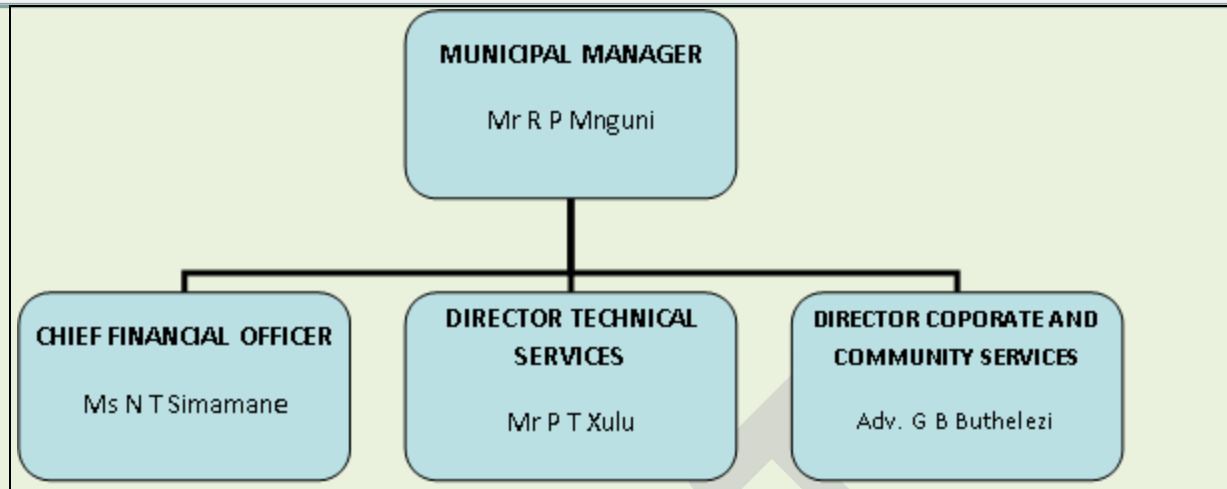
## **2.2 ADMINISTRATIVE GOVERNANCE**

### **INTRODUCTION TO ADMINISTRATIVE GOVERNANCE**

As illustrated in the organogram below, Mthonjaneni Municipality consists of five departments also represent the existing portfolio committees. Each department or portfolio committee is chaired by a political head who is a member of the Executive Committee.

The Director of each Department is employed in terms of Section 56 of the Municipal Systems Act, No. 32 of 2000. The Section 56 employees are employed on performance contracts and report directly to the Municipal Manager who is employed in terms of section 57 Municipal System Act, No. 320f2000. The Municipal Manager reports to the Executive Committee via the Mayor who is the chairperson of the Executive Committee. The Municipal Manager is assisted by the internal audit unit and the audit committee in meeting his accountability requirements as prescribed in the MFMA. Both the internal audit unit and the audit committee consist of internal and external resources with an aim of attracting skills.

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## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### UTHUNGULU DISTRICT IGR FORUM

In terms of the Intergovernmental RELATIONS framework Act (no 13 of 2005) all district municipalities must establish “district intergovernmental forum” to promote and facilitate intergovernmental relations between the district municipality and local municipalities in the district. The legislation further indicates that the role of the forum is to serve as a consultative forum for the district and locals in the in the district to discuss and consult each other matters of mutual interest. Mthonjaneni Municipality participates in the various structures established by the uThungulu District Municipality namely:-

- District GIS Forum
- District Sports Forum
- Mayors Forum
- IDP and Planners Forum
- Disaster Management Forum
- CFO's Forum
- Technical Committee

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

In the beginning of the 2013/2014 financial year the Council of Mthonjaneni municipality adopted it's 2013/2014 Integrated Development Plan together with a process plan which outlines the implementation actions that will be applied in reviewing its Integrated Development Plan for the 2014/15 financial year.

As per the adopted IDP process plan the roadshow dates where scheduled as follows:

WARD	VENUE	DATE
1	Thubalethu Hall	26 November 2013
2	KwaMagwaza (Joint with uThungulu)	5 November 2013
3	Ekuthuleni	2 December 2013
4	KwaSanguye Tribal Court	4 December 2013
5	Hlabathini	28 November 2013
6	Siyavuna Hall	4 December 2013

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## ATTENDANCE

The attendance in all IDP road shows was satisfactory. The table below reflects the attendance rate per meeting:

WARD	VENUE	ATTENDANCE
1	Thuba lethu Hall	N/A
2	KwaMagwaza (Joint with uThungulu)	980
3	Ekuthuleni	55
4	KwaSanguye Tribal Court	108
5	Hlabathini	48
6	Siyavuna community Hall	90

### 1. ISSUES RAISED

The table below reflects all issues per ward that were raised during the IDP road shows held during the 2013/2014 financial year:

WARD	ISSUES RAISED
Ward 2	<ul style="list-style-type: none"><li>• Water and Electricity not available in some areas.</li><li>• Access roads in bad condition.</li><li>• Community Hall not available in the area.</li><li>• Sport facilities not available.</li><li>• There is no housing project in the area.</li><li>• Job opportunities not available.</li></ul>
Ward 3	<ul style="list-style-type: none"><li>• No water in some areas.</li><li>• Access roads not available.</li><li>• Rural road belonging to the Department of transport in bad condition.</li><li>• Some areas still do not have electricity.</li><li>• Community requested that municipality to</li></ul>

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	assist in providing job opportunities.
Ward 4	<ul style="list-style-type: none"> <li>• A bridge was requested at Manzamnyama.</li> <li>• Pupils travel long distances to school, a School at Nqekwane was requested.</li> <li>• A recreational facility was requested.</li> <li>• Fencing of the community garden.</li> <li>• Slow progress in the electrification projects.</li> <li>• Community hall.</li> </ul>
Ward 5	<ul style="list-style-type: none"> <li>• Some areas still do not have water.</li> <li>• The slow progress in the housing project.</li> <li>• Slow progress in the Electrification project.</li> <li>• Rural roads in bad condition.</li> <li>• Renovation in P-Centre.</li> <li>• Fencing of Community garden.</li> </ul>
Ward 6	<ul style="list-style-type: none"> <li>• Some areas do not have electricity.</li> <li>• Rural roads in bad condition.</li> <li>• Renovation of Ndundulu sport field.</li> <li>• Some areas still require water.</li> </ul>

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## WARD COMMITTEES

The Municipal Ward Committees were established in August 2011, just after the inauguration of the Councillors that took place just after the May elections, this was done in order to ensure that good governance and community participation. The Ward Committees will also go for training in order to ensure that participation is attained in Mthonjaneni, the Ward committees are operational.

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## 2.5 IDP PARTICIPATION AND ALIGNMENT

Before starting the IDP Review process, a Process Plan was prepared and adopted by Council in accordance with the requirements of the Municipal Systems Act (32 of 2000). This process plan aligns the three processes of the IDP, the Budget and the Performance Management System. The Process Plan was adopted by Council in July 2013.

### THE UTHUNGULU DISTRICT'S FRAMEWORK PLAN

The framework plan allows for alignment and coordination of activities between the DM and the LM's within the uThungulu DM. Key areas of alignment include:

- Projects and programmes of cross-border significance.

### THE IDP ALIGNMENT PROCESS

#### *The District and LM Alignment Process*

Alignment between the DM and its LM's takes place through the uThungulu District IDP Alignment committee. This committee met at the following dates during the IDP review process:

- 16 October 2013
- 13 March 2014

A joint IDP road show with uThungulu District Municipality was held on the 4 November 2013 at the KwaMagwaza area.

#### *Alignment with Sector Departments*

Alignment with sector departments took place at the following dates:

- 19 March 2014.

#### *IDP and Budget Road Shows*

A series of community road shows were undertaken during the IDP review process, this was done in order to ensure that all wards are represented

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IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

## COMPONENT D: CORPORATE GOVERNANCE

### 2.6 RISK MANAGEMENT

#### RISK MANAGEMENT

### 2.8 SUPPLY CHAIN MANAGEMENT

#### OVERVIEW SUPPLY CHAIN MANAGEMENT

The Municipality has adopted the Supply chain Management policy in line with the SCM Regulations 2005. The Municipality is facing a challenge to meet the requirement is SCM regulations where it requires the Bid Adjudication to have 4 Senior Managers. The Municipality only has 3 Senior Managers and the Municipal Manager; therefore it is not possible to have 4 senior managers in the Bid adjudication committee. The SCM Practitioner has completed the MFMA Competency levels course as required by MFMA Competency levels Regulations. The two officials have not yet finished the course.

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## 2.9 BY-LAWS

The list below reflects adopted Mthonjaneni Municipal bylaws.

- Animals by-law
- Animals, birds and domestic pets
- Credit Management
- Credit control
- Environment Health
- Mthonjaneni Animals
- Mthonjaneni Health
- Mthonjaneni ST by-laws
- Standing rules
- Mthonjaneni CMGT by-laws
- Mthonjaneni Orders rules
- Street trading by-laws
- Traffic by-laws
- Cemetery
- Funeral undertakers
- Pound Bylaws.
- Draft Control and Discharge Discharge of Fireworks
- Draft Waste Management Bylaws

## CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

### 3.2 WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION					
WATER AND SANITATION PROJECTS FUNDED BY UTHUNGULU DISTRICT MUNICIPALITY					
Project Name	Ward	Total Budget	Status	2014/15	2015/16
Yanguye water project	4	R 11 559 503.00	72%	1 000 000	R0
Greater Mthonjaneni SSA 2	2,3,4	R 196 898 425	Planning stage	R 35 000 000	R 64 000 000
Melmoth WCDM	1	R73 026 415	Planning stage	R 2 000 000	R20 000 000
Melmoth	1	R88 429 917	Planning stage	R500 000	R 10 000 000



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## 3.3 ELECTRICITY

### INTRODUCTION TO ELECTRICITY

#### **CURRENT ELECTRIFICATION PROJECTS**

The table below reflect funded electrification projects within the Mthonjaneni Municipal area that are currently at implementing stage.

WARD	AREA	NO OF CONNECTIONS	STATUS	FUNDER
2	Nomponjwana	-	Completed	Department of energy
3	Mfanefile electrification projects	238	91% Complete	Department of energy
5	KwaGconco	213	51% complete	Department of energy
4	Yanguye	193	98% Complete	Department of energy



Photo: Rural electrification projects.

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## STATISTICS FOR ELECTRIFICATION WITHIN MTHONJANENI MUNICIPALITY

	Electricity	Gas	Paraffin	Candles	Solar	None	Unspecified	Not applicable	Grand Total
Ward 1	2626	8	33	351	9	24	-	-	3051
Ward 2	1090	6	9	442	4	8	-	-	1558
Ward 3	856	12	6	530	6	14	-	-	1425
Ward 4	1252	2	8	271	6	7	-	-	1545
Ward 5	719	5	17	1015	2	32	-	-	1790
Ward 6	648	3	8	391	4	9	-	-	1063
<b>Grand Total</b>	<b>7191</b>	<b>36</b>	<b>80</b>	<b>3000</b>	<b>32</b>	<b>95</b>	<b>-</b>	<b>-</b>	<b>10433</b>

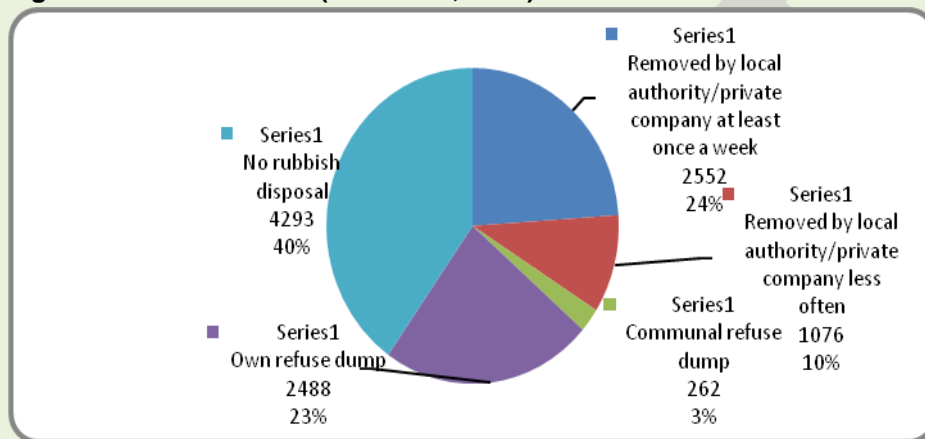
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## 3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

### REFUSE REMOVAL

Waste removal and disposal is currently being provided by the Mthonjaneni Municipality and is currently restricted to Melmoth, Thubalethu Township, and KwaMagwaza area. The waste removed is disposed at the Melmoth landfill site.

**Figure: Refuse Removal (STATSSA, 2011)**



The Community Survey (2007) indicates that 24% of households have refuse removed by the local authority or a private company at least once a week, while less than 10% have refuse removed less frequently. 23% of households make use of their own refuse dump and a further 40% have no refuse disposal.

### Waste Quantities and Characteristics

In the table below, the following are indicated: the waste types produced in the municipality; the associated volumes (in m3); and which waste is stored.

Waste Types Produced	Volumes (in m3)	Waste Storage
Domestic	18m3 per day uncompacted.	No
Business		Yes
Street Sweepings		No
Industrial	Not produced in the Municipality	No
Garden Waste	72m3	No
Building Waste	Produced in municipality but volume is low.	No
Medical	Produced in municipality but collected by private contractors.	-

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Hazardous Waste	Not produced	-
-----------------	--------------	---

The areas within the municipality where the wastes are generated, and which is covered by a waste collection and removal service, are:

- ❖ Melmoth Town
- ❖ Thubalethu
- ❖ Hospital at KwaMagwaza

The final waste disposal site for wastes generated within the municipality and which are covered by a waste collection and removal service, with the exception of Medical Waste, is the Melmoth Landfill Site.

Frequency of municipal waste collection:

- ❖ Residential areas 1x per week
- ❖ Business areas 3x per week <sup>TM</sup>
- ❖ Thubalethu 2x per week

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## 3.5 HOUSING

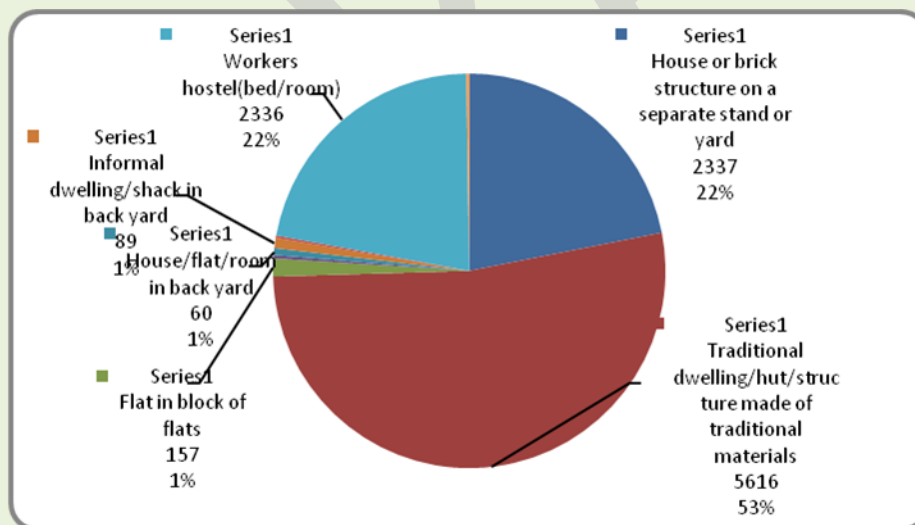
### INTRODUCTION TO HOUSING

Housing was identified as a key issue in the community participation process of the IDP. As part of the Integrated Development Plan Process and Land Identification Study for Low-cost Housing, a range of population projections were undertaken to provide a base for the determination of present and future housing needs, specifically in the low-cost group. The total number of households within the municipality was calculated to be 5 461 with the total population estimated to be 47 818 this implies an average household size of approximately 10, 433. (Source Stats SA 2011)

Based on the information compiled from the Statistics SA 2011, the projections indicate that approximately 3, 1 % of households (317) within the municipal area into the homeless, and informal dwelling shack category and be in line with the Provincial targets to clear all slums by the by the year 2010, while 55, 8% of dwellings (5641) fall into the traditional housing category.

With reference to the above statistics it is evident that the housing demand is very high in the rural areas which estimated to be at least 70% (3 928) of the total demand in rural areas and it is increasing at a very fast rate. Therefore it is suggested that the rural housing projects be prioritised in the rural housing programme that seeks to reduce the backlog in basic infrastructure services within the rural areas.

The Community Survey (2007) indicates that the majority of households (53%) are traditional dwellings, while 22% are worker hostels, and 22% are houses on a separate stand.



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## CURRENT HOUSING PROJECTS

The table below reflects a summary of all rural and urban housing projects that are currently under implementation within the Mthonjaneni Municipal area of jurisdiction.

PROJECT	WARD	TARGET	STATUS
Yanguye Housing Project (Phase 1 & 2)	4	2000	Phase 1:Construction phase Phase 2: Planning stage
Dubeni/ Mabhungu Rural housing project (Phase 1 & 2)	6	2000	Phase1:Construction phase Phase 2: Planning stage
Thubalethu extension	1	512	Planning phase
Melmoth Middle Income Housing	1	1000	Planning phase
Victoria street medium housing	1	8	Completed
Makhasaneni Rural housing	5	1000	Construction phase
Esibayeni/Mgabhi	3	1000	Construction phase
Ward 2 Rural Housing project	2	1000	Planning phase



Photo: Ward 3 rural housing project

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## COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (storm water drainage).

### INTRODUCTION TO ROAD TRANSPORT

The local municipal area is traversed by numerous roads, forming the base of the primary transport methodology within this municipality. As such, the roads may be regarded as the most important functional service which need to be provided so as to ensure effective transportation of the communities between places of work and the respective residences, and to utilize community facilities or provide access to economic opportunities.

There are numerous levels of roads traversing the municipality namely:

Provincial roads (P routes);  
District roads (D routes);  
Local roads (L routes); and  
Community access roads (A routes).

The table below provides a breakdown of road lengths listed.

**Table: Road Distribution and Length**

Road Class	Type	Length	Total Length (m)
Provincial	P roads	165,981	303,009
	D roads	91,848	
	L roads	42,652	
	A roads	2,528	
Urban	Primary roads	1,142	27,014
	Secondary roads	1,019	
	Main tertiary roads	5,822	
	Tertiary roads	14,401	
	Gravel roads	4,630	
Rural	Primary roads	228,272	262,569
	Secondary roads	34,298	

### 3.7 2013/2014 FINANCIAL YEAR RURAL AND URBAN ROADS PROJECTS

The table below reflects projects that were implemented during the 2013/2014 financial year.

Project Name	Ward(s)	Funder	Budget	Status
Urban roads upgrade: Melmoth Town	1	MIG	R 4, 994 800.00	



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				Completed
Rural Roads Projects	2 & 3	MIG	R 7, 492 220.00	Completed



Photo: Rural road project

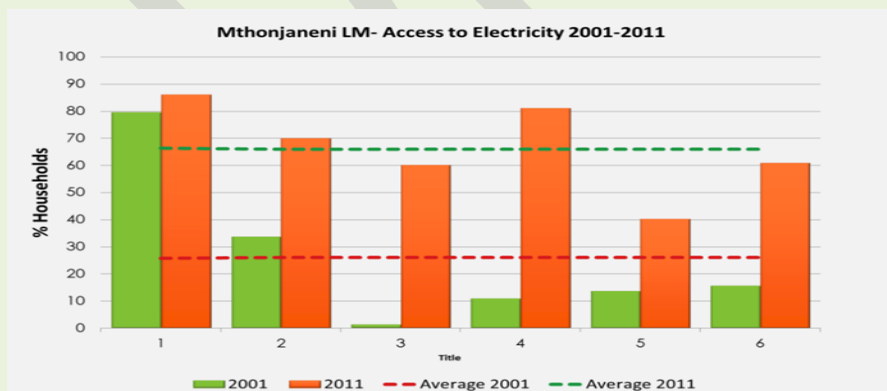


Photo: Urban Housing project

## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

### Electricity backlog

The Census 2011 indicates that 39% of residents make use of electricity for lighting, while 60% make use of candles. There has been an increase in the number of households using electricity for lighting since the 2001 and 1996 censuses.



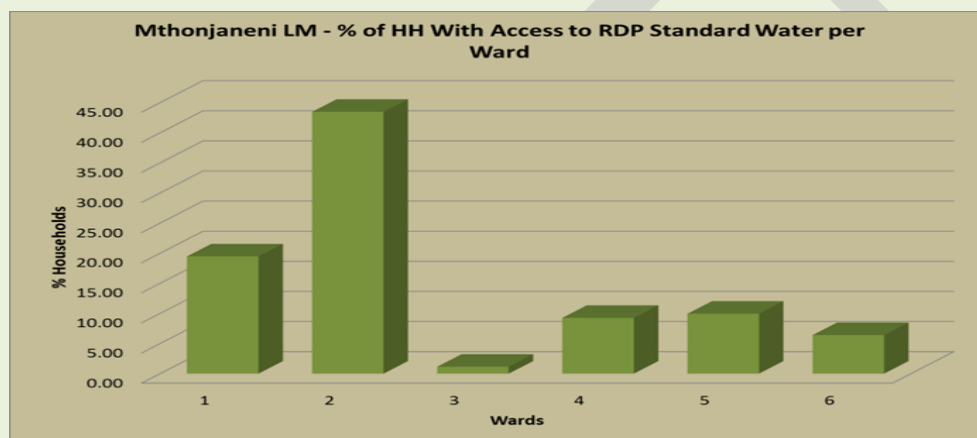


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## Provision of Water

The census 2011 indicates that 19% of households in the municipality receive piped water within their dwelling, 27% receive piped water inside their yard, and a further 20% receive piped water outside their yard. These figures indicate that approximately two thirds of the population of the municipality receive water to RDP standards.

A water backlog is defined by the RDP standard of 25l/c/d at a maximum distance of 200m of existing infrastructure. The uThungulu District Municipality (UDM) is the Water Services Provider (WSP) and is responsible for the implementation of new capital projects to extend the provision of water services facilities and their maintenance thereof. The District's Water Services Development Plan (WSDP) indicates that the backlog of water services in Mthonjaneni is still substantial. The table below is a breakdown of the backlog for household:

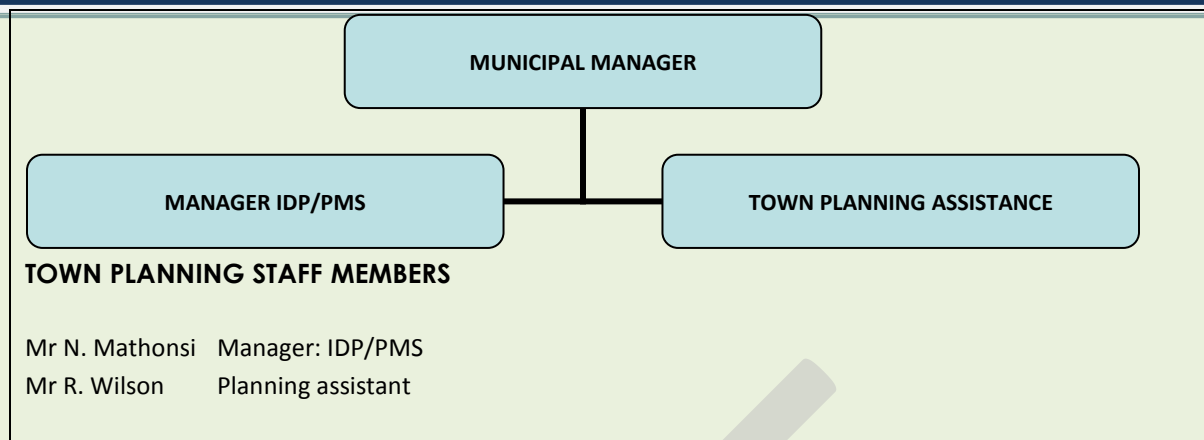


### 3.10 DEVELOPMENT PLANNING (TOWN PLANNING UNIT)

#### INTRODUCTION TO PLANNING

The town planning unit falls under the office of the Municipal Manager. The planning unit consists of two staff members that report directly to the Municipal Manager.

# Chapter 3



The table below reflects a summary of the status development applications received during the 2013/14 financial year.

DETAILS OF APPLICATION		DETAILS OF APPLICANT			COMMENTS
TYPE OF APPLICATION	PROPERTY DESCRIPTION (NAME)	FULL NAME	ADDRESS	PHONE NO.	
Special Consent for the development of a filling Station	Erf 291 Melmoth	LandPlan Town & Regional Planners	196 Klipstreet, Vryheid, 3100	Cell: 082 805 4014	Application approved.
Amendment to Mthonjaneni Land Use Management System	Erf 370 Melmoth	Inhloso Planning CC	26 Grunter Gully, Meerensee	Cell: 082 460 2216	Application declined.
Application for Development of a Filling Station	Erf 1144, Melmoth	Mthonjaneni Local Municipality	PO Box 11 Melmoth, 3835	Tel: 035 450 2082	Application Incomplete - Awaiting EIA
PDA Application :DEVELOPMENT OUTSIDE SCHEME: Tarven, Bottle store and Butchery	Ward 5 KwaGconco, Melmoth	Mr J Mabaso	P O Box 3791 Nkwalini 3838	Cel: 079 986 7456	Application approved.
Amendment to the General Plan:SUBDIVISION, CONSOLIDATION, APPLICATION – ITO	Erf 63 Melmoth	Alex Farrell & Associates	P O Box Meerensee 3901	Cel: 082 455 1974	Application approved.

# Chapter 3

SECTS 9(1) 22(1) OF THE PDA					
COMBINED APPLICATION : SUBDIVISION, REZONING – ITO SECTS 9(1) 22(1) PDA (PRIVATE HOSPITAL)	Erf 1175 Melmoth	Mthonjaneni Local Municipality	P O Box 11 Melmoth 3835	Tel: 035 450 2082	Application approved.
PDA Combined Subdivision, Consolidation and Rezoning : Melmoth Cemetry	ERF 1174 Melmoth	Mthonjaneni Local Municipality	P O Box 11 Melmoth 3836	Tel: 035 450 2083	App[lication approved

# Chapter 3

## 3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

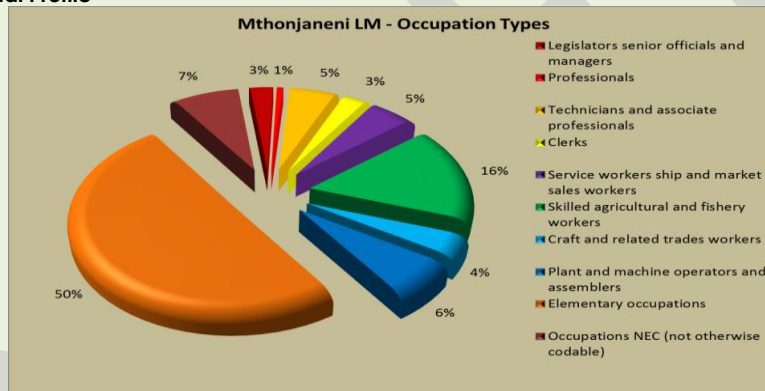
### NUMBER OF DEPENDANTS PER EMPLOYED PERSON

The results of the Quality of Life Survey (2007) indicate that there are 6.2 dependants for every employed person in the DM. The average for the Mthonjaneni municipality is, however, substantially better with 5.5 dependants per employed person.

### OCCUPATIONAL PROFILE

The majority of respondents in the Community Survey (STATSSA, 2007) indicated that they participated in Undetermined or unspecified categories of work. One can deduce that these people are largely involved in the informal sectors.

Figure 1: Occupational Profile



(Source: STATSSA, 2011)

### EMPLOYMENT STATISTICS

The following table summarises the levels of employment in the municipality. As can be seen, approximately a quarter of the population is employed and sustaining the remainder of the population. These figures largely concur with the UDM's average during the same period.

Table: Employment Status (2011)

Ward	Employed	Unemployed	Discouraged work-seeker	Other not economically active	Not applicable	Grand Total
1	3036	797	265	1640	2521	8259
2	2088	284	352	1745	2647	7117
3	331	690	365	3143	4316	8845
4	988	523	450	2184	3577	7722

# Chapter 3

5	747	206	521	3719	4767	9960
6	379	520	356	1898	2761	5914
<b>Grand Total</b>	<b>7569</b>	<b>3020</b>	<b>2309</b>	<b>14330</b>	<b>20589</b>	<b>47818</b>

The Table below reflects the summary of the number of job opportunities that were created through poverty alleviation programs.

JOB CREATION THROUGH LED INITIATIVES		
Details	YEAR	No: OF JOBS CREATED
EPWP	2013/14	40
FOOD FOR WASTE PROGRAM	2013/14	100

## LED PROJECTS

The table below reflects the status of projects that were identified and implemented during the 2013/2014 financial year.

Project	Ward	status
Ndundulu Market stalls	6	Completed
Sondela Market Stalls	1	Completed
Melmoth Market Stalls	1	Completed

The photo below reflects photos of the Ndundulu market stalls that were rehabilitated during the 2013/14 financial year.



# Chapter 3

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

### 3.12 LIBRARIES

The library has been utilized fully and successfully in all ways i.e library orientation, promotion, Library week as well as normal use. Four book exchanges were attended in Pinetown on August 2013, November 2013, February 2014 and May 2014. Four interest group were attended on August 2013 at King Empangeni, in November at KwaDinuzulu on February at Mthunzini and on May at Mbonambi library.

Receipt of the following newspapers Ilanga, Isolezwe, Zululand Observer, City Press, and Sunday times have been enormous help to those using the library. On the 7<sup>th</sup> June 2014 the library was visited by Kwagconco Primary School. Attendance of library conference at ICC in Durban on the 21 to 23 November 2012 was very good. During January and February the library was busy with young people giving them career guidance.

The library week was a great success it started on the 15 to 21 April 2014. In February we were visited by Vuleka Primary School for library orientation. In Computer Section Khulekani Mbatha is continuing with training computer learners and as well as Ntuthuko learners over one month period Monday to Friday 09h00 to 10h00, 10h00 to 11h00 and 12h00 to 14h00 respectively. They are trained in computer operating system, Ms Word, Ms Excel, Ms PowerPoint applications and Internet searching skills. They seem to be co-operative and willing to learn. He also teaches those individuals who want to type cv's and application letters and downloading previous examination papers as well as their results.

Attached to this report are the photos of library week April 2014, computer learners, our soul buddies who are busy with vegetable garden in our library and Annually Library Statistics.

#### **Soul Buddyz**

Soul Buddyz are the group of children aged 8 to 12 years who promote the health and well being of other children even the vulnerable parents. They collect old clothes, plant vegetables and give it to the needy. They also help in our library to monitor the noise and teach other children how to handle the books and to behave in the library.



# Chapter 3



Soul Buddyz were picking tomatos that they have planted in their garden.



Soul Buddyz visiting the manager of corporate servives

# Chapter 3



Drawing competition at Melmoth primary

## MELMOTH LIBRARY ANNUAL STATISTIC

Annul Library Statistics from July 2013 to June 2014

### A. MEMBERSHIP

MONTHS	ADULTS	YOUNG ADULTS	JUVENILES	TOTAL
July	1012	310	235	1557
August	1016	313	238	1567
September	1020	313	238	1571
October	1017	318	239	1575
November	1020	323	239	1582
December	1022	323	241	1586
January	2030	323	240	1593
February	1034	333	244	1611
March	1035	340	242	1617
April	1042	341	243	1628
May	1051	343	243	1637
June	1057	349	246	1652



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## B. CIRCULATION OF NON PRINT MATERIAL

MONTHS	TALKING BOOKS		COMPACT DISCS		VIDEOS		DVD		OTHER	TOTAL
	ADULT	JUVENILE	ADULT	JUVENILE	ADULT	JUVENILE	ADULT	JUVENILE		
July	0	0	41	0	0	0	17	7	2	67
August	0	0	24	2	0	0	24	2	2	54
September	0	0	21	0	0	0	10	4	7	42
October	0	0	27	0	0	0	22	8	3	60
November	0	0	22	0	0	0	24	6	3	55
December	0	0	35	0	0	0	26	6	2	69
January	0	0	31	0	0	0	24	4	2	61
February	0	0	24	0	0	0	29	4	4	61
March	0	0	23	1	0	0	31	4	4	63
April	0	0	22	0	0	0	35	5	5	67
May	0	0	21	0	0	0	31	8	8	68
June	0	0	26	0	0	0	36	4	9	75
<b>TOTAL</b>										742

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## COMPONENT E: HEALTH

In terms of health facilities, the area is serviced by a regional hospital, St Mary's, at KwaMagwaza. The hospital is approximately 9 km from Melmoth and is easily accessible to the community as KwaMagwaza is located along a provincial road and the majority of the towns and settlements are within a 20 km radius of the hospital. The area of KwaYanguye and surrounding settlements have longer to travel being within 30 to 40 km of the hospital.

With regard to clinics there are three clinics which are found at Melmoth, Ndundulu and KwaYanguye. This provides good coverage within a 5 km radius of these clinics, however, there are gaps in that Makasaneni, settlements south of KwaMagwaza, and the Ekuthuleni area have no clinic in close proximity to their communities. A mobile clinic is based at KwaMagwaza and may service these communities but this information is not readily available. There are also areas of the KwaYanguye settlement that fall outside of the 5 km radius of the existing clinic. The Mthonjaneni LUMS highlighted this as a concern and raised the issue of another clinic to service the area. This would be a good option, given that the KwaYanguye area is located between 30 and 40 km from the hospital at KwaMagwaza with some settlements situated even beyond the 40 km buffer.

## COMPONENT F: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

### INTRODUCTION TO SPORT AND RECREATION

The Sports and recreation unit falls within the Corporate and Community services Directorate within the Mthonjaneni Municipality.

The following events were held during the 2013/2014 financial year:

SALGA Games

Golden Games

# Chapter 3



Elephant F.C. celebrating with Mthonjaneni Mayor and Roger Skhakhane after winning a check of R10 000.00. The tournament was hosted by Mthonjaneni Municipality, DSR uThungulu and Mthonjaneni LFA to honor our Football professionals.



# Chapter 3

Future stars: Coaching clinics conducted on 21 June 2014 to encourage our player to participate in sport. Other codes conducted coaching clinic on the day were Netball and Volleyball.



Photo: The Mayor of Mthonajeni handing over the prize to the winning team with a cheque of R 3 000.00 on the 28 April 2014.



# Chapter 3

## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT 2013/2014)

### ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM

#### 1. Legislative requirements

Outlined in Section 40 of the Municipal Systems Act of 2000 (MSA), Municipalities must establish mechanisms to monitor and review its Performance Management System (PMS) so as to measure, monitor, review, evaluate and improve performance at organisational, departmental and employee levels. Section 34 of the MSA furthermore points out that the Integrated Development Plan (IDP) has to be reviewed on an annual basis, and that during the IDP review process the Key Performance Areas, Key Performance Indicators and Performance Targets be reviewed and this review will form the basis for the review of the Organisational Performance Management and Performance Contracts of Section 56 Managers.

The Municipal Planning and Performance Management Regulations (2001) stipulates that a “municipality’s performance management system entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players” (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001).

Section 46 of the Municipal Systems Act (Act 32 of 2000), stipulates the following:-

*“Annual performance reports*

46. (1) A municipality must prepare for each financial year a performance report *reflecting* -
- (a) the performance of the municipality and of each external service provider during that financial year;
  - (b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and
  - (c) *measures taken to improve performance.*
- (2) ***An annual performance report must form part of the municipality’s annual report in terms of Chapter 12 of the Municipal Finance Management Act.”***

#### 2. Introduction

The first performance management framework was adopted by the Mthonjaneni Local Municipality in the 2008/2009 financial year to align with the best practice guidelines suggested by the then Department of Provincial and Local Government and Traditional Affairs of KwaZulu Natal.

The Performance Management unit, residing in the Office of the Municipal Manager, was capacitated during the 2013/2014 financial year with the appointment of an external service provider to deliver assistance with the institutionalization of the Performance Management System. During the 2013/2014 financial year a new Performance Management Framework and Policy was developed and adopted by the Performance Audit Committee for the 2012/2013 financial year.

# Chapter 3

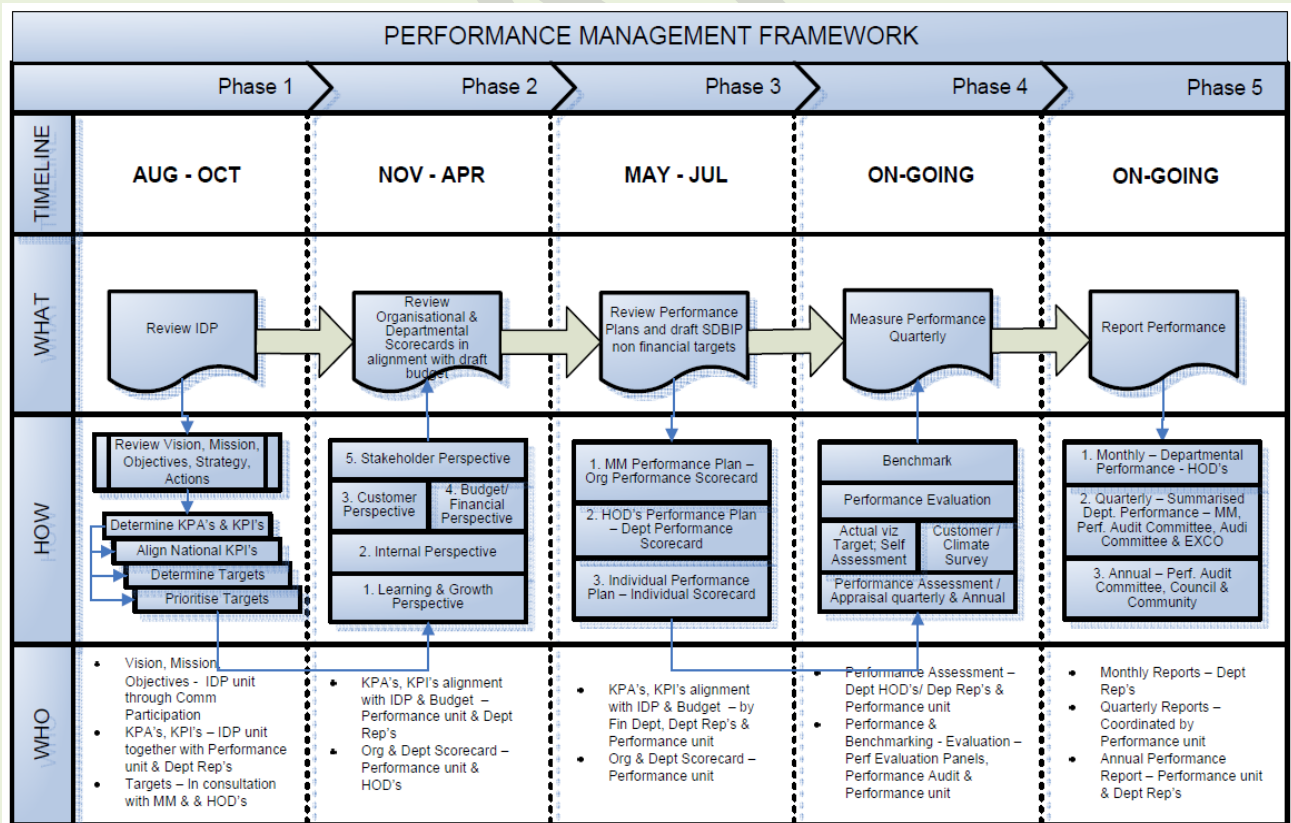
## 3. Organisational Performance Management Process

Key performance indicators have been refined in support of the municipality's development priorities and objectives as set out in the revised IDP framework and will remain for the duration of the IDP period for consistency in measuring and reporting on long term strategies and projects. Measurable performance targets with regard to each of these development priorities and objectives were established. A process to ensure regular reporting is in place and is fed back to the Council via the Audit Committee.

Individual performance agreements and performance plans were prepared in line with provisions prescribed in the Performance Regulations (Notice 805, published on 1 August 2006 in the official gazette) and signed by the Municipal Manager, Deputy Municipal Manager and Heads of Department. These agreements are fully implemented and aligned with the Service Delivery and Budget Implementation Plan as required in terms of the Municipal Finance Management Act.

Performance Evaluation Panels have also been established for the assessment of performance of the Municipal Manager as well as Managers directly accountable to the Municipal Manager. These panels meet on a quarterly basis to evaluate individual performance.

The following diagram illustrates a summary of the newly developed performance management framework for the Mthonjaneni Local Municipality for performance measurement and reporting, adhering to the guidelines suggested by KwaZulu-Natal Province, Department for Cooperative Governance and Traditional Affairs:



Mthonjaneni Performance Management Framework diagram

# Chapter 3

## 4. Audit Committee

The Audit Committee for the 2013/2014 financial year was re-affirmed.

The Audit Committee did meet as required by legislation on a quarterly basis. The minutes of meetings are available in the Portfolio of Evidence of the Municipal Manager.

## 5. Auditing of Performance Information

The Municipal Systems Act, 2000, Section 45 requires that the results of performance measurements in terms of section 41 (1)(c), must be audited as part of the internal auditing process and annually by the Auditor-General. All auditing must comply with section 14 of the Municipal Planning and Performance Management Regulations, 2001 (Regulation 796).

The auditing of the Performance Management System and Audit of Performance Information was performed and reports were received for each quarter in terms of the following:

### Quarter 1

Review the functionality of the Performance Management System and management's compliance thereto.

### Quarter 2:

Review scorecards on a test basis to supporting evidence on a sample basis;  
Record the system/systems (electronic and/or manual) that are used to generate the performance information and perform walkthrough testing to validate (AOPI); and  
Perform detailed testing on selected performance information (AOPI).

### Quarter 3:

Ensure compliance with the requirements of the PMS regulations for quarter 3.

### Quarter 4:

Review scorecards on a test basis to supporting evidence on a sample basis;  
Perform detailed testing on selected performance information (AOPI); and  
Ensure the accuracy and validity of the information included in the annual report based on the evidence inspected, on a sample basis.

## 6. Annual Organisational Performance Information

The Annual Performance Report for the 2013/2014 financial year has been completed and reflected in the Organisational Performance Scorecard in a table format (as prescribed by KZN CoGTA). The Organisational Performance Scorecard table will be presented to the Auditor General for auditing together with the Annual Financial Statements by 31 August 2014.

This Annual Performance Report (Tables) should be read in conjunction with the Annual Report, including the Annual Financial Statements as well as Auditor General Report on the Annual Financial Statements and Performance Information for 2013/2014.

# Chapter 3

The following table reflects the organisational performance targets and achievements as reflected in the Integrated Development Plan, in relation to the achievements of the previous financial years as well as reflecting corrective measures to be taken in the 2013/2014 financial year in cases of under achievement:

DRAFT



# Chapter 3

Mthonjaneni Report on the Performance of Predetermined Objectives - 2013/2014													
IDP Indicator No.	Outcome 9	National KPA	Mthonjaneni Development Goals	Development Objectives	Development Strategy	Performance Indicator	Unit of Measure	Baseline 2012/2013		IDP 2013/2014		Responsible Department	Comments/PLANNED MEASURES
								Target	Actual	Annual Target	2013/2014 Performance Report		
	IMPROVED ACCESS TO BASIC SERVICES	BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	PROVIDING A HIGH LEVEL OF AFFORDABLE ESSENTIAL BASIC SERVICES	To provide electricity/Energy within Mthonjaneni	To provide electrification connections to new households	Access to Basic Electricity	Number and Date of Refurbished transformers	0	0	2 complete 4 way k3 main unit refurbished by 30 June 2014.	2 4 way transformers refurbished by 30 June 2014.	Director Technical Services	Target Achieved
							Number	0	0	1 poles and indoor transformers mounted by 30 March 2014	1 Pole and indoor transformer mounted.	Director Technical Services	Target Achieved

# Chapter 3

							Number	0	0	4 Street lights replaced in Melmoth town by 30 June 2014	4 Street lights replaced	Director Technical Services	Target Achieved
							Number	0	0	4 Street lights replaced in Thubalet hu by 30 June 2014	4 Street lights replaced in Thubalet hu	Director Technical Services	Target Achieved
A.1.1.1							Number and Date of Refurbished transformers	0	0	2 complete 3 way k3 rinf main unit refurbished by 30 June 2014.	2 4 way transformers refurbished by 30 June 2014.	Director Technical Services	Target Achieved
A.1.1.2							New Connections	250	0	600	600	Director Technical Services	Target Achieved
A.1.2.1												Director Technical Services	
A.2.1.1			To provide access to community facilities.	To implement Integrated Waste Management	Access to Waste Disposal Services	Number of Households	1464	1465	1465	1465	Director Technical Services	Target Achieved	

# Chapter 3

A.2.2.1				To ensure the provision and maintenance of roads in rural and urban areas.	To construct and maintain rural and urban roads as per maintenance budget within the financial year.	Access to Rural Roads	Number kilometres of roads constructed by 30 Jun 2014	18	10	18	18	Director Technical Services	Target Achieved.
A.2.2.3				To ensure the provision and maintenance of roads in rural and urban areas.	To construct and maintain rural and urban roads as per maintenance budget within the financial year.	Implementation of Phase IV B	Number of kms of urban roads maintained	5	5	10	5	Director Technical Services	Target not Achieved. The remaining 5 km's will be constructed during the 2014.15 financial year. The contractor will be monitored and regular site inspections and meetings be conducted to ensure progress in made on site.
A.3.1.2				To provide access to community facilities.	To construct bus shelters.	100% completion of Construction Thubalethu Bus Shelter	Percentage completion of bus shelter			100%	100% completed	Director Technical Services	Target Achieved

# Chapter 3

A.4.1.1				To reduce infrastructural backlogs	To facilitate the provision of infrastructural services such as water, sanitation and housing.	Access to Housing	Number of housing projects facilitated	5	5	6	6	Director Technical Services	Target Achieved
					Date of review of Housing Sector Plan(HSP )	Reviewed HSP 30 June 2013	Not achieved	Revised HSP by 2014-03-30	Not achieved	Director Technical Services	Target not Achieved. The municipality is awaiting comments from human settlement. The issue of the HSP will be included in the Agenda of the Housing forums meeting to ensure that Human Settlement addresses all issues related to the HSP. Continuous follow ups with the relevant officials from Human settlement will be conducted.		
A.5.1.1				Maintain Council immovable property/Assets.	To maintain all Council buildings within the operations and maintenance budget	Maintenance of Council Facilities	Percentage of operational budget spent on maintenance and repairs	4%	4%	30%	95%	Director Technical Services	Target achieved

# Chapter 3

B.1.1.1	IMPLEMENT A DIFFERENTIATED APPROACH TO MUNICIPAL FINANCING PLANNING AND SUPPORT	MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	PROVIDING A SAFE AND SECURE ENVIRONMENT		for the financial year.								
				To create a viable and sustainable work environment	To develop, manage and implement Human Resource Strategies	Implement Workplace Skills Plan	Date of approval	30-Jun-14	01-Jul-14	30-Jun-14	30-Jun-14	Director Corporate and Community Services	Target achieved.
							Budgeted amount	50000,00	50000,00	50000,00	50000,00	Director Corporate and Community Services	Target achieved.
							Actual amount spent	50000,00	50000,00	50000,00	50000,00	Director Corporate and Community Services	Target achieved.
							Percentage spent	100%	100%	100%	100%	Director Corporate and Community Services	Target achieved.

# Chapter 3

B.1.2.1					To implement the Employment Equity Plan of the municipality	Equity Target Groups Employed in Management	Number of people from employment equity groups employed in the three highest levels of management	3	4	1	1	Director Corporate and Community Services	Target achieved.
B.1.2.2						Women Employed in Organisation	Number of women employed by the municipality	83	83	2	2	Director Corporate and Community Services	Target achieved.
B.1.2.3						Youth Employed in Organisation	Number of youth employed in the municipality	4		4	5	Director Corporate and Community Services	Target achieved.
B.1.2.4						People with Disabilities Employed in Organisation	Number of people with disabilities employed in the municipality	0	0	0	0	Director Corporate and Community Services	
B.1.3.1					To develop, review and implement	Fill critical positions	Percentage of critical positions filled	1	1	1	1	Director Corporate and Community	Target achieved.

# Chapter 3

					municipal organigram							Services	
B.1.4.1				To develop, review and implement performance management systems.	To develop, review and implement Performance Management System	Review OPMS Scorecard	Date of approval by Council	2014-06-30	2014-07-01	2014-06-30	2014-05-28	Municipal Manager	Target achieved.
B.1.4.2				To ensure annual report is in place.	Ensure that annual report is in place.	Annual Performance Report	Date of submission of draft APR to AG	2013-08-31	2013-09-01	2013-08-31	2013-08-31	Municipal Manager	Target achieved.
B.1.4.3				To develop, review and implement performance management systems.	Prepare section 56 performance agreements	Section 56 Performance Agreements	Number of performance agreements signed	4	4	4	4	Municipal Manager	Target achieved.
B.1.4.4					Ensure quarterly performance evaluations	Performance Evaluations	Number of quarterly performance evaluations	4	4	4	4	Municipal Manager	Performance Evaluation was not held during the first quarter, However a combined evaluation for first and second quarter was held on the 21 January 2014.

# Chapter 3

C.1.1.1	IMPROVED MUNICIPAL FINANCIAL AND ADMINISTRATIVE CAPABILITY	FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT	PROVIDING SERVICE EXCELLENCE	To be financially viable by increasing revenue and reducing costs	To manage finances in line with the required legislation	MFMA Compliance	Percentage compliance with MFMA Checklist	100%	100%	100%	100%	Chief Financial Officer	Target achieved.
						Revenue Collection	R value of cash collected from customers	22 000 000	26 242 490	87940694	69807194	Chief Financial Officer	Target achieved.
							R value of invoices raised	2200000	24174853	#NAME?	7095085.26	Chief Financial Officer	Target achieved.
						Debt coverage ratio	(Total operating revenue received - operating grants) / Debt service payments	0.65	0.65	8.8	8.8	Chief Financial Officer	Target achieved.
						Outstanding service debtors to revenue	Outstanding service debtors / revenue actually received for services	1	0.74	15.4	15.4	Chief Financial Officer	Target achieved.



# Chapter 3

					Cost coverage ratio	(Available cash at particular time + Investments) / Monthly fixed operating expenditure	5.92	5.92	9.9	9.9	Chief Financial Officer	Target achieved.
					Total Salaries and Wages budget (including benefits)	R value of total Salaries and Wages Budget (including benefits)	15 556 000	15 078 139	1966966 2.85	4880936	Chief Financial Officer	Target achieved.
					Total operating expenditure	R value	34 000 000	38 610 100	6952817 4	17092500 .72	Chief Financial Officer	Target achieved.
					Total operating budget	R value	49 556 000	49 093 622	6570358 9	18542839	Chief Financial Officer	Target achieved.
					Total of grants and subsidies spent	Percentage spent	80%	81%	80%	100%	Chief Financial Officer	Target achieved.
C.1.2.1												
C.2.1.1			To ensure that transparency is attained	To ensure regular reporting on SCM and	Approval of SCM Policy	Date of approval of SCM Policy	2013-06-30	2013-06-30	2014-06-30	2014-06-28	Chief Financial Officer	Target achieved.

# Chapter 3

C.2.1.2					Municipal Asset	Update of Municipal Asset Register	Date of approval of updated Asset Register	2013-06-30	2013-06-30	2014-06-30	2014-06-05	Chief Financial Officer	Target achieved.
D.1.1.1	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	GOOD GOVERNANCE	To ensure that the Council is striving towards its vision and mission	The preparation of an IDP within the prescribed legal guideline	IDP Review	Date of approval by Council	2013-06-30	2013-05-29	2014-06-28	2014-06-28	Municipal Manager	Target achieved.
D.1.3.1				To provide sound external and internal communication	To ensure effective Municipal structure i.e. Council, EXCO and Ward Committees	Council Meetings	Number of Council meetings held	11	11	4	4	Director Corporate and Community Services	Target met. Council meetings are held quarterly as per schedule as approved by Council.
D.1.3.2						EXCO meetings	Number of EXCO meetings held	11	11	11	11	Director Corporate and Community Services	Target met. EXCO meetings are held every month as per schedule as approved by Council.
D.1.3.3						Ward Committees	Number of ward committees held	80%	80%	4	4	Director Corporate and Community Services	Target met. Ward committee meetings are held quarterly.
D.2.2.1				To ensure access to information accountability.	To ensure annual report is in place	Approval of Annual Report	Date of approval of Annual Report by Council	2013-03-31	2013-03-31	2014-03-31	2014-03-26	Municipal Manager	Target achieved.

# Chapter 3

D.3.1.1		SPATIAL PLANNING AND SPATIAL DEVELOPMENT FRAMEWORKS		To ensure environmental sustainability and proper land use management	To review and implement municipal Spatial Development Framework	Spatial Development Framework	Date of approval by Council			2014-03-30	2014-03-30	Municipal Manager	Target achieved
E.1.1.1		GOOD GOVERNANCE AND PUBLIC PARTICIPATION	ENCOURAGING COMMUNITY PARTICIPATION AND IN SERVICE DELIVERY	To ensure that public participation structures are in place	To facilitate effective community participation as promulgated in terms of Chapter 4 of the MSA no 27 of 2000	IDP Roadshows	Number of IDP Roadshows	3	3	6	6	Municipal Manager	Target achieved.
E.1.1.2						Budget Roadshows	Number of Budget Roadshows	3	3	6	6	Municipal Manager	Target achieved.
E.1.1.3						IDP Representative Forum	Number of IDP Representative Forum meetings held	2	2	2	2	MM	Target achieved.
F.1.1.1		IMPLEMENTED COMMUNITY WORK PROGRAMME AND COOPERATIVES SUPPORTED	LOCAL ECONOMIC DEVELOPMENT	SUPPORTING THE POOR AND VULNERABLE GROUPS	To implement LED Strategy	Review LED Strategy	Date of approval by Council	30-Jun-13	Not met	2014-06-30	Not achieved	Director Corporate and Community Services	Target Not met, due to unavailability of funds. A business plan will be prepared in the next financial year and submitted to potential funders.
F.1.2.2													
F.1.2.3													

# Chapter 4

## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

#### STAFF COMPONENT OF THE MUNICIPALITY

The Mthonjaneni municipality has a staff component of 84 employees who are permanently employed, and 47 employees who are on contract.

Given the limited resources, the municipality has a small directorate component having a pool of responsibilities, in particular the Directorate of Corporate Services which deals with issues of corporate affairs, community services, public safety, local economic development, and planning.

The table below intends at summarising the Mthonjaneni Organogram through interpreting the number of vacant post within the municipal departments. The municipality has resolved to fill the vacant Section 57 posts of the Chief Financial Officer and Director Technical Services. The Director Technical Services post will be filled in during the 2013/14 financial year. The other vacant posts have been acknowledged as also being important and they will be filled in the next coming financial years.

Table: Municipal Staff Status Quo

Department	No. of Filled Posts	Vacant	Total No. Of Post per Department
Office of the Municipal Manager	6	5	11
Corporate & Community Services	28	6	34
Technical Services	25 Permanent 18 Contract workers 40 EPWP	4	29 Permanent 80 EPWP
Financial Services	15 (Inc 5 Interns)	3	17
<b>TOTAL</b>			<b>106</b>

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

#### INTRODUCTION

The HR Strategies are in place and currently are implemented i.e. The post of the Municipal manager, Director corporate and community services, Chief financial officer and IDP/PMS manager were filled during the 2012/13 financial year. The Technical Director has been advertised and will be appointed soon. This is done in order to ensure effective implementation of the municipal Organogram and Human Resource Strategies. All posts that are going to be filled are affected in line with the existing human resource strategies.

# Chapter 4

## **EMPLOYMENT EQUITY**

In compliance with the Employment Equity Act (55 of 1998), the municipality has developed and implemented an Employment Equity Plan.

## **SKILLS DEVELOPMENT**

The municipality has developed a comprehensive Workplace Skills Development Plan for the period under review in accordance with the relevant legislation.

## **MUNICIPAL HUMAN RESOURCE STRATEGIES**

The municipality has developed a number of policies that deal with Human Resource issues. The following are the policies that have been adopted by Mthonjaneni in order to address institutional related matters it includes and are currently being implemented:

- Recruitment, Selection, Promotion, Demotion, Transfer, and Appointment Policy
- Training and Development Policy: The objective of this policy is:
- Study Scheme Policy

Other Human Resources Strategies (Policies) that have been adopted with the intension of ensuring that institutional matters are addressed in a democratic way and cost effective manner include the following policies and the these policies are also being implemented accordingly i.e.:

- Employment Equity Policy
- Overtime and Stand-by Policy

# Chapter 4

## 4.2 POLICIES

### **MTHONJANENI MUNICIPALITY**

#### **LIST OF POLICIES**

1. Banking and Investment
2. Budget
3. Credit control and debt collection
4. Grants-in-aid
5. Indigent support
6. Tariffs
7. Experiential training, in-services, volunteerism, internship and learnership
8. Memorial services
9. Overtime and standby
10. Pauper burial
11. Attendance of conferences
12. Recruitment, selection, appointments, transfer, promotion and demotion
13. Study scheme
14. Training and development
15. Disciplinary Action and Grievance
16. Travel and subsistence
17. vehicles
18. Leave Policy

# Chapter 4

## 4.5 SKILLS DEVELOPMENT AND TRAINING

### COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

#### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The table below reflects the municipal employees that attended training and the budget spent on capacitating employees during the 2013/2014 financial year.

EMPLOYEE NAME	PERIOD	TRAINING PROVIDER	COURSE	COURSE COST
G B Buthelezi N B Mathe P T Xulu N W Zikhali R N Mathonsi P H Z Kubheka D R Horne B J Pienaar D D Thomson A W Ngwenya V G Jacobsen S Ndwandwe T M Mngomezulu	Aug 2013- July 2014	KMS College	MFMP	R 444 600.00
M E O Mkhize	2013	Damelin Correspondence	Pastel Accounting	R4 248.00

# Chapter 4

		College	2	
B M Jacobsen D P Thusi D M Hlongwane M Mncube N Wagner N H Zulu L F Magwaza Z Mhlembana F Z Sibiya J Gcwensa N M Biyela T D Mdletshe	11-12/11/2013	NOSA	ASHEPP	R 11 804.93
MN Biyela	2014	MANCOSA	Bachelor of Public Administration	R 14 818.00
S S Buthelezi	01-30/04/2014	Traffic Training College	Grade L Examiner of Driving Licence	R 3475.00



# Chapter 5

## CHAPTER 5 – FINANCIAL PERFORMANCE

### Highlights of Departmental Activities

#### FINANCE DEPARTMENT 2012/13 FINANCIAL YEAR

##### **Assessment of the performance against the measurable performance objectives for Revenue collection**

The collected revenue as per measurable performance objectives from service charges is R47 863 648.

The overall budgeted revenue including other services was R 84 839 994. While the actual revenue received amounted to R97 683 088. The higher than budgeted revenue is as a result of Traffic fines which were not budgeted for on accrual basis. The fines were previously budgeted for on cash basis. In compliance with GRAP standards, the fines were also accounted for on accrual basis.

Service charges: Electricity income realised was less by 2% than the budgeted income, the electricity illegal connections are the main challenge faced by the Municipality.

Refuse removal income: The refuse removal income realised was 2% more than the budget (R 1 113 800).

Interest on investments: Additional interest on investments was obtained due to better management of cash flows resulting in more investments being done in the financial year.

Income from motor licencing fees was higher than expected due to increase in number of traffic fine tickets collected and also very high number of learners and drivers licences applicants from beyond municipal boundaries.

##### **Assessment of arrear municipal taxes and service charges.**

The overall debtors balance has increased by R 19 801 678, this is due to the Traffic fines debtors which was never recognised as debtors before, the R 21 485 920 is the Traffic fines debtors balance recognised in this financial year, however it a balance from 2012/2013 financial year records to 2013/2014 financial year. This was recognised in order to comply with GRAP 23 accounting standard.

Electricity has an outstanding debt of R 2 452 613.11 in this 2013/2014 financial year. The Refuse removal service has an outstanding balance of R 432 754, while the Rates has an outstanding balance of R 3 492 203.

The Municipality has amended its debt control policies to include clauses of services disconnection as per the applicable Acts on non-paying consumers; this is done to reduce the outstanding debtors balances.

# Chapter 5

## 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE									
Description	Original Budget	Budget Adjustments (i.t.o. s28 & s31 Of The MFMA)	Virement (i.t.o. Council Approved By-law)	Final Budget	Actual Income/ expenditure	Unauthorised Expenditure	Variance	Actual Income As % Of Final Budget	Actual Outcome As % Of Original Budget
	1	2	3	4	5	6	7	8	9
	R	R	R	R	R	R	R	R	R
<b>Financial Performance</b>									
Property Rates	6 650 000	950 000		7 600 000	7 505 885		94 115	99	113
Service Charges	19 435 000			19 435 000	19 118 537		316 463	98	98
Transfers Recognised - Operational	33 139 000	-11 762 000		21 377 000	30 770 383		-9 393 383	144	93
Interest earned-external investment	1 750 000	2 050 000		3 800 000	4 176 379		-376 379	110	239
Rental of facilities and equipment	385 000	-110 000		275 000	244 721		30 279	89	64
Fines	1 902 000	698 000		2 600 000	15 831 162		-13 231 162	609	832
Licences and permits	2 832 000			2 832 000	2 441 629		390 371	86	86
Government grants and subsidies				0			0		
Other Own Revenue	755 000	87 000		842 000	1 072 068		-230 068	127	142
External Loan				0			0		
							0		
<b>Total Revenue (Excluding Capital Transfers &amp; Contributions)</b>	66 848 000	-8 087 000	-	58 761 000	81 160 764	-	-22 399 764,30	138	121

# Chapter 5

Employee Costs	18 556 000	1 039 000	54 413	19 649 413	19 649 413		0	100	106
Remuneration Of Councillors	2 879 000	-		2 879 000	2 843 195		35 805	99	99
Debt Impairment	1 200 000			1 200 000	18 996 507	-17 796 507	-17 796 507	1 583	1 583
Depreciation & Asset Impairment	3 700 000			3 700 000	2 916 498		783 502	79	79
Finance Charges	2 500 000	-2 500 000							
Materials & Bulk Purchases	17 456 000			17 456 000	16 887 374		568 626	97	97
Transfers & Grants							0		
							0		
Contracted Services	5 193 000	1 589 000	-1 901 509	4 880 491	4 040 941		839 550	83	78
							0		
Other Expenditures	12 276 000	2 394 000	1 847 096	16 517 096	16 517 096		0	100	135
							0		
Repairs and maintenance	3 587 000	-430 000		3 157 000	2 114 893		1 042 107	67	59
							0		
							0		
							0		
<b>Total Expenditure</b>	67 347 000	2 092 000	-	69 439 000	83 965 916	-17 796 507	-14 526 916	121	125
<b>Surplus/(Deficit)</b>	-499 000	-10 179 000	-	-10 678 000	-2 805 152	17 796 507	-7 872 848	26	562

# Chapter 5

Transfers Recognised - Capital	12 487 000	13 623 000		26 110 000	16 522 324		9 587 676	63	132
Contributions Recognised - Capital & Contributed Assets									
<b>Surplus/(Deficit) After Capital Transfers &amp; Contributions</b>	11 988 000	3 444 000	-	15 432 000	13 717 172	17 796 507	1 714 828	89	114
Share Of Surplus/(Deficit) Of Associate									
<b>Surplus/(Deficit For The Year</b>	11 988 000	3 444 000	-	15 432 000	13 717 172	17 796 507	1 714 828	89	114
<b><u>Capital Expenditure &amp; Funds Sources</u></b>									
<b>Capital Expenditure</b>									
Transfers Recognised - Capital	12 487 000	13 623 000		26 110 000	16 522 324		9 587 676	63	132
Public Contributions & Donations									
Borrowing									
Internally Generated Funds	21 713 000	7 235 000		28 948 000			28 948 000	0	0
<b>Total Sources Of Capital Funds</b>	34 200 000	20 858 000	-	55 058 000	16 522 324	-	38 535 676	30	48
<b><u>Cash flows</u></b>									
Net Cash From (Used) Operating	42 817 000	-32 460 000		10 357 000	8 795 445		1 555 555	85	21
Net Cash From (Used) Investing	-34 200 000	-20 858 000		-55 058 000	-29 746 485		-25 515 311	54	87
Net Cash From (Used) Financing	60 000			60 000	13 986		46 014	23	23

# Chapter 5

Cash/Cash Equivalents At The Year End	8 677 000	-53 318 000,00	-	-44 641 000,00	-20 937 054	-	-23 703 946	47	-241

## 5.2 GRANTS PERFORMANCE

GRANT PERFORMANCE						
DESCRIPTION	R'000					
	YEAR 2012	YEAR 2013/2014			2013/2014 VARIANCE	
	ACTUAL	BUDGET	ADJUSTMENTS BUDGET	ACTUAL	ORIGINAL BUDGET (%)	ADJUSTMENTS BUDGET (%)
<u>OPERATING TRANSFERS AND GRANTS</u>						
<b>NATIONAL GOVERNMENT</b>	48 717 676	43 757 000	37 236 572	37 236 571	-26	0
EQUITABLE SHARE	25 107 000	27 730 000	17 035 000	17 035 000	-63	0
MSIG	800 231	890 000	890 000	890 000	0	0
FMG	1 500 187	1 650 000	1 650 000	1 650 000	0	0
ELECTRIFICATION	11 431 829					
MIG	9 017 676	12 487 000	16 522 325	16 522 324	24	0
EPWP	860 753	1 000 000	1 139 247	1 139 247	12	0
<b>PROVINCIAL GOVERNMENT</b>	13 876 461	1 869 000	634 000	634 000	-195	0
LIBRARY,ECONOMIC DEV, LIBRARY	13 876 461	1 869 000	634 000	634 000	-195	0
<b>DISTRICT MUNICIPALITY</b>	49 584		265 000	265 000	100	0
BUS SHELTERS	49 584		265 000	265 000	100	0
OTHER GRANT PROVIDERS						
TOTAL OPERATING TRANSFERS AND GRANTS	62 643 721	45 626 000	38 135 572	38 135 571	-121	0

# Chapter 7(new)

## 5.3 ASSET MANAGEMENT

CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME						
Description	Budget Year 2013/14			variance		
	Actual 2012/13	Original Budget	Adjusted Budget	Actual 2013/14	Original Budget	Adjusted Budget
<b>R thousands</b>						
<b><u>Infrastructure</u></b>	<b>29 979</b>	<b>27 487</b>	<b>43 670</b>			
<b><i>Infrastructure - Road transport</i></b>	<b>18 756</b>	<b>12 487</b>	<b>16 522</b>			
Roads, Pavements & Bridges	18 336	12 487	16 522			
Storm water	419					
<b><i>Infrastructure - Electricity</i></b>	<b>11 152</b>	<b>15 000</b>	<b>26 263</b>			
<i>Generation</i>						
Transmission & Reticulation	11 152	15 000	26 263			
<b><i>Infrastructure - Other</i></b>	<b>104</b>					
Waste Management	104					
<b><u>Community</u></b>	<b>7 466</b>					
Sportsfields & stadia	77					
Recreational facilities	1 844					
Other	5 545					
<b><u>Other assets</u></b>		<b>6 713</b>	<b>9 213</b>			
General vehicles		900	1 610			
Specialised vehicles		–	–			
<b><i>Plant &amp; equipment</i></b>	<b>143</b>	<b>5 363</b>	<b>6 653</b>			
Computers hardware/equipment	71	5	155			
Furniture and other office equipment	175	95	245			
Abattoirs						
Civic Land and Buildings						



# Chapter 7(new)

Other Buildings	113	350	550			
	1 525					
<b>Total Capital Expenditure - Standard</b>	<b>39 505</b>	<b>34 200</b>	<b>55 058</b>			
<b>Funded by:</b>	-					
National Government	39 505	12 487	26 110			
Provincial Government						
District Municipality						
Other transfers and grants						
<b>Total Capital transfers recognised</b>	<b>39 505</b>	<b>12 487</b>	<b>26 110</b>			
<b>Public contributions &amp; donations</b>						
<b>Borrowing</b>						
<b>Internally generated funds</b>		21 713	28 948			
<b>Total Capital Funding</b>	<b>39 505</b>	<b>4 200</b>	<b>55 058</b>			

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### 5.5 CAPITAL EXPENDITURE

FINANCIAL PERFORMANCE OF OPERATIONANL SERVICES						
Description	Budget Year 2013/14			variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	2012/13			2013/14		
<b>R thousands</b>						
<b>Expenditure By Type</b>	-					
Employee related costs	15 108	18 556	19 595	19 649	-0,06	-0,00
Remuneration of councillors	2 666	2 879	2 879	2 843	0,01	0,01
Debt impairment	83		-	18 997	100,00	100,00
Depreciation & asset impairment	3 199	3 700	3 700	3 199	0,14	0,14
Finance charges	-	2 500	-		1,00	

# Chapter 7(new)

Bulk purchases	14 295	17 456	17 456	16 887	0,03	0,03
Other materials	2 192	3 587	3 158	2 115	0,41	0,33
Contracted services	3 204	5 193	6 782	4 041	0,22	0,40
Transfers and grants			–			
Other expenditure	22 862	12 276	14 669	16 517	-0,35	-0,13
Loss on disposal of PPE			–			
<b>Total Expenditure</b>	<b>63 609</b>	<b>66 146</b>	<b>68 239</b>	<b>70 286</b>		

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# Chapter 7(new)

## 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS *					
R'000					
		Current: 2013/2014	Year	Variance: 2013/2014	Year
Name of Project	Original	Adjustment	Actual	Original	Adjustment
	Budget	Budget	Expenditure	Variance (%)	Variance (%)
A - Roads	16522	16522	12186	-35,58%	-35,58%
B - Rural Electrification	11263	11263	10510	-7,16%	-7,16%
C - Bus Shelter	265	265	215	-23,26%	-23,26%
D - Ndundulu Market Stalls	2174	2174	2485	12,52%	12,52%
<i>*Projects with the highest expenditure in Year 2013/2014</i>					

# Chapter 7(new)

## 5.9 CASH FLOW

Cash Flow Outcome				
Description	2012/2013	2013/2014		
	Audited Outcome	Original Budget	Adjusted Budget	Outcome
<b>Cash Flow from Operating Activities</b>				
<b>Receipts</b>				
Ratepayers and other	35627000	37553000	37553374	32575208
Government-operating	28777000	33139000	21209000	21279256
Government-capital	38855000	12487000	12487000	12487000
Interest	2250000	2328000	2753000	4176379
Dividends				
<b>Payments</b>				
Suppliers and employees	-53227000	-63645513	-63645513	61722398
Finance charges	-1180000			
Transfer and Grants	-240000			
<b>NET CASH FRM/(USED) OPERATING ACTIVITIES</b>	<b>50862000</b>	<b>21861487</b>	<b>10356861</b>	<b>8795445</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE				
Decrease (increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments		20919000	20919000	
<b>Payments</b>				
Capital Assets	-62215000	-34200094,6	-55058000	29746485
<b>NET CASH FROM /(USED) INVESTING ACTIVITIES</b>	<b>-62215000</b>	<b>-13281094,6</b>	<b>-34139000</b>	<b>29746485</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing	15 000 000			
Increase (decrease) in consumer deposit	50000	60000	60000	13986
<b>Payments</b>				
Repayment of borrowing	-1120000			
<b>NET CASH FROM/ (USED) FINANCING ACTIVITIES</b>	<b>13930000</b>	<b>60000</b>	<b>60000</b>	<b>13986</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>2577000</b>	<b>8640392,43</b>	<b>-23722139</b>	<b>20937054</b>
Cash/cash equivalents at the year begin:	38 143 518	63403776	71054000	67040721
Cash/cash equivalents at the year end:	40 720 518	72044168,43	47331861	46103667

# Chapter 7(new)

## 5.10 BORROWING AND INVESTMENTS

The Municipality does not have any borrowings. The following are investments made by the Municipality in different financial organisations.

Municipality Investments					R '000
			2012	2013	2014
Investment type			Actual	Actual	Actual
Fixed Deposit					6333920,18
Fixed Deposit					9083626,03
Fixed Deposit					500 000
Fixed Deposit					1540000,4
Fixed Deposit					9 000 000
Fixed Deposit					25870397,26

T 5.11.1

## COMPONENT D: OTHER FINANCIAL MATTERS

## 5.12 SUPPLY CHAIN MANAGEMENT

The Municipality has adopted the Supply chain Management policy in line with the SCM Regulations 2005. The Municipality is facing a challenge to meet the requirement is SCM regulations where it requires the Bid Adjudication to have 4 Senior Managers. The Municipality only has 3 Senior Managers and the Municipal Manager; therefore it is not possible to have 4 senior managers in the Bid adjudication committee. The SCM Practitioner has completed the MFMA Competency levels course as required by MFMA Competency levels Regulations. The two officials have not yet finished the course.

## 5.13 GRAP COMPLIANCE

The Annual Financial Statements of the Municipality are prepared in terms of GRAP. The GRAP standard adopted by the Municipality in this 2013/2014 financial year is GRAP 25 for employee benefits which was previously IAS 19. Also the amended GRAP Standards are applied as per amendment by the Municipality. The Key officials are sent for training on new and amended GRAP standard for better understanding and application of GRAP standards.

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## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE MTHONJANENI MUNICIPALITY

#### REPORT ON THE FINANCIAL STATEMENTS

##### Introduction

1. I have audited the financial statements of the Mthonjaneni Municipality set out on pages xx to xx, which comprise, the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

##### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) {PAA}, the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

##### Opinion



# Chapter 7(new)

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mthonjaneni Municipality as at 30 June 2014, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

## Emphasis of matter

7. I draw attention to the matters below. My opinion is not modified in respect of these matters:

## Restatement of corresponding figures

8. As disclosed in note 48.2 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of errors discovered during the year ended 30 June 2014 in the financial statements of the municipality at, and for the year ended 30 June 2013.

## Material losses

9. As disclosed in note 43 to the financial statements, the municipality has incurred electricity distribution losses of R 693 141 due to theft and distributions.

## Additional matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## Unaudited supplementary information

11. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

## Unaudited disclosure notes

12. In terms of section 125(2) (e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2014:

# Chapter 7(new)

3.

Objective 1: service delivery and infrastructure on pages x to x

Objective 5: local economic development on pages x to x

15. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
16. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information*
17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected objectives.

## Additional matter

19. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected objective, I draw attention to the following matter

## Achievement of planned targets

20. Refer to the annual performance report on pages x to x for information on the achievement of the planned targets for the year.

## Material adjustments to the annual performance report

21. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for the service delivery and infrastructure objective. As management subsequently corrected the misstatements.

## Compliance with legislation

22. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PM, are as follows:

## Annual financial statements

23. The annual financial statements were subject to material adjustments as a result of the audit. These adjustments constituted non-compliance with section 122(1)(a) of the MFMA. Material misstatements in disclosure items identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

## Expenditure management

24. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.

4.

## **Procurement and contract management**

- 25. Persons in the service of the state did not disclose that they were employed by the state and transacting with the municipality, in contravention of Municipal Supply Chain Management Regulation 44(SCM).
- 26. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by SCM regulation 17(a) & (c).

## **Internal control**

- 27. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

## **Leadership**

- 28. Management have not implemented oversight responsibilities over the financial statement and annual performance report preparation, compliance with SCM regulations.

## **Financial and performance management**

- 29. Management has not implemented adequate controls to ensure that the financial statements are prepared in accordance with the Standards of GRAP and are supported by accurate and reliable evidence, as material misstatements were identified in the financial statements during the audit.
- 30. Management did not implement controls over procurement of goods and services to ensure that they complied with the requirements of the SCM Regulations and the MFMA.

## **Governance**

- 31. The internal audit function and audit committee did not review the internal controls over financial management by evaluating controls to determine their effectiveness and efficiency, as a number of misstatements were noted in financial management that require adjustments

## **OTHER REPORTS**

## **Investigations**

- 32. The Hawks performed an investigation into the facilitator of the community participation workshop. The matter was closed as no sufficient evidence was provided.

# APPENDICES

## ACTION PLAN FOR EXTERNAL AUDIT REPORT 2013/2014

Report paragraph	Response	Action plan	Responsible Official	Target date
<b>EMPHASIS OF MATTER PARAGRAPHS</b>  <b>Material losses</b>  1. As disclosed in note 43 of the financial statements, material losses to the amount of R 693141 were incurred as a result of electricity distribution losses.	The distribution losses are as a result of electricity theft	The measures will be put in place to identify the accounts with no movements in terms of buying electricity monthly  The technical team regularly checks the metres to identify if there is any faulty metres and then replace them.	CFO  DIR TECHNICAL SERVICES	30/01/2015 ongoing  ongoing
<b>MONITORING OF THE ABOVE</b> <b>Technical Department has found that there are electricity customers who are able to connect themselves after being disconnected by the Municipality. Those customers are being monitored daily and they pay the penalty fee for illegal connections."</b>				
The AFS submitted for auditing were not prepared in all material respect in accordance with the requirements of S 122 of the MFMA	The daily , monthly and annual reconciliations will be performed and also the monthly AFS will be produced to avoid the non compliance with s122 of MFMA.	The daily , monthly and annual reconciliations will be performed and also the monthly AFS will be produced to avoid the non compliance with s122 of MFMA.	CFO	MONTHLY ONGOING 30 JUNE 2015

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<b>MONITORING OF THE ABOVE:</b> The daily , monthly and annual reconciliations are performed and also the Quarterly AFS are being prepared to avoid non compliance with s122 of MFMA.				
<b>Annual performance report</b> The annual performance report submitted for auditing on basic service delivery and infrastructure development contained material misstatements.			Njabulo	
<b>MONITORING OF THE ABOVE</b>				
<b>PROCUREMENT AND CONTRACT MANAGEMENT</b> <b>AWARDS TO PERSONS IN THE SERVICE OF THE STATE</b> SCM Regulation prohibits the awards to persons or entities owned/ managed by them if they are in the in the service of the auditee( ie employees and councillors) or if they are in the service of the state institution. The audit included the identification of such prohibited awards. An amount of R4 908 205 was found to be the award to the officials in the state institutions	The suppliers do sign a declarations of interest that they are not employed by the state.	The letter will be written to a supplier notifying of the fact that he/she is in the service of the state.	CFO	30/01/2015
<b>DEVIATIONS FROM PROCUREMENT PROCESSES</b>  Procurement was made without obtaining 3 quotations	The procurement was made without obtaining 3 quotations on circumstances where it was impractical to obtain the quotations.	The 3 quotations will be obtained in all procurements	CFO	30/01/2015

# APPENDICES

MONITORING OF THE ABOVE				
<b>INFORMATION TECHNOLOGY</b> Password rules configured are not in line with those stipulated in the information security policy and leading practice	Rules set on ABAKUS and PAYDAY system were inadequate and not aligned to password requirements stipulated in information security technology.	The password history on PAYDAY system has now been set to 12	Director Corporate services	
<b>ACCESS AND LOGON VIOLATIONS NOT MONITORED</b>  Information security audit trails for access and logon violations were not being reviewed and monitored	audit trails for access and logon violations were not being reviewed and monitored	The outstanding logs will be enabled and review logs will be added on monthly checklist of Municipality's information technology	Director Corporate services	
<b>STANDARDS NAMING CONVENTION NOT CONSISTENTLY APPLIED</b>	The information security policy states that USER ID's for ABAKUS should be assigned using the job title followed by underscore and initials and surname	standard naming convention has been applied	Director Corporate services	
<b>NETWORK DIAGRAM NOT APPROVED</b>	Network diagram not been approved by IT steering Committee	Network diagram will be submitted to management and IT steering Committee	Director Corporate services	

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		for finalisation.		
TERMINATED EMPLOYEES USER ACCOUNTS STILL ACTIVE ON ABAKUS	Terminated employees still active on abakus system	Management will disable the access of the terminated employees	Director Corporate services	
ACCESS REVIEWS AND MONITORING PROCESSES NOT PERFORMED FOR CONLOG AND ABAKUS	User access reviews had not been performed for CONLOG	The user account management procedure document will be updated to include controls will be performed on user access reviews for CONLOG system	Director Corporate services	
SYSTEM CHANGES NOT TRACKED AND CHANGE APPROVAL DOCUMENTATION NOT MAINTAINED	Approved change request forms for normal and emergency changes are not maintained	Management will ensure that developers follow the change management process , when making changes to production environment	Director Corporate services	
PHYSICAL AND ENVIRONMENTAL CONTROLS FOR THE SERVER ROOM NOT ADEQUATELY IMPLEMENTED	ABAKUS is located in an inadequate environment where access is not restricted with the following environmental controls not being implemented.	Management will relocate the abakus server to a secure location	Director Corporate services	

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THE BUSINESS CONTINUITY PLAN IS NOT DEFINED, DOCUMENTED AND APPROVED	Municipality did not have a BCP in place to continue critical business operations and maintain availability of information at a level acceptable to the municipality in the event of a significant disruption	BCP will be developed and submitted to the relevant authorities for approval	Director Corporate services	
BACKUP PROCEDURES NOT ALIGNED TO LEADING PRACTICE REQUIREMENTS	Restoration testing performed for the period under review was not maintained	Backup restoration testing will be included as part of the IT monthly checklist for operations	Director Corporate services	
IT FUNCTIONALITY NOT FULLY CAPACITATED	Municipality still in process of appointing an individual to fill IT Support officer position	The post for IT officer will be advertised externally and a suitable candidate will then be appointed.	Director Corporate services	
THE CURRENT PERFORMANCE OF THE SERVICE PROVIDERS IS NOT MONITORED FOR COMPLIANCE AND PERFORMANCE	Service performance report and meeting minutes are not maintained for PAYDAY AND ABAKUS	Management will ensure that roles and responsibilities for SLA be defined within the IT department	Director Corporate services	



# APPENDICES

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2013/2014

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# APPENDICES

## APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement. It is currently being done by user department levels. The end user department is providing monthly reports to the SCM unit as well. Service providers who fail to perform are reported to SCM and the necessary action is taken including the termination of the contract or cancellation of an order.

The following are the service providers engaged in each business unit during the 2013/14 financial year.

Assessment of External Service Providers				
External Service Provider	Service provided in terms of signed SLA	Performance Target/ Time-frames	Assessment of Service Provider's Performance	PoE and Corrective measure in case of underperformance
Anvisa Plants and Civils	Contractor Urban Roads Project	Project to be completed by 7 August 2014	Target Met	Completion certificate.
Dee Dee Enterprise	Rural Roads Project	Project to be completed by 30 June 2014	Target Met	Completion certificate
A 1 Electrical	Rural Electrification	To be completed by 19 August 2014	Target Met	Completion certificate
Fujitsu	To provide billing system to the Municipality	Daily Billing transaction monthly report	.Target Met	Accounts out on time
Conlog	Prepaid electricity System	Daily operation system for the 2013/14 financial year.	Target Met, System operating on a daily basis.	Duplicate receipts of electricity sold.
Payday	Provide Payroll system for the Municipality during the 2013/14 financial year.	Provide service during the 2013/14 financial year.	Target met.	Payslips

# VOLUME II

## APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

	Disclosures of Financial Interests		
	Period 1 July to 30 June 2014		
Position	Name	Description of financial interest( nil/ details)	
Mayor	SM Ndlangamandla	Nil	
Members of Exco			
	GVP Gumede	Nil	
	MN Biyela	Nil	
Councillor	E Masikane	Nil	
	H K L Zungu	Nil	
	M Khuzwayo	Nil	
	E Ntombela	Nil	
	S Zulu	Nil	
	E Mgenge	Nil	
	B K Biyela	Nil	
Municipal Manager	RP Mnguni	Nil	
Chief financial officer	TN Simamane	Nil	
Director Technical Services	PT Xulu	Nil	
Director Community and Corporate Services	GB Buthelezi	Nil	

## APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

### APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote								
			Year-2012/13	Current Year: 2013/14			Year 2013/14 Variance	R' 000
Vote Description			Actual	Original	Adjusted	Actual	Original	Adjustments
				Budget	Budget		Budget	Budget
Vote 1	COUNCIL		-	-	-	-	-	-
Vote 2	MUNICIPAL MANAGER		-	-	-	-	-	-
Vote 3	FINANCIAL SERVICES		51 188,00	41 598,00	34 788,00	36 433,00	0,88	0,95
Vote 4	CORPORATE AND COMMUNITY SERVICES		27,00	22,00	22,00	34,00	1,55	0,65
Vote 5	PUBLIC SAFETY FIRE		-	-	-	-	-	-
Vote 6	PUBLIC HEALTH		30,00	-	-	-	-	-
Vote 7	PROTECTION SERVICES		4 922,00	5 056,00	5 756,00	5 694,00	1,13	1,01
Vote 8	TECHNICAL SERVICES		4 814,00	13 099,00	19 481,00	17 179,00	1,31	1,13
Vote 9	REFUSE REMOVAL		992,00	1 115,00	1 115,00	1 142,00	1,02	0,98
Vote 10	ELECTRICITY		17 018,00	18 445,00	23 708,00	23 322,00	1,26	1,02
Vote 11			-	-	-	-	-	-
Vote 12			-	-	-	-	-	-
Vote 13			-	-	-	-	-	-

<b>Vote 14</b>			-	-	-	-	-	-
<b>Vote 15</b>			-	-	-	-	-	-
<b>Total Revenue by Vote</b>			<b>78 991,00</b>	<b>79 335,00</b>	<b>84 870,00</b>	<b>83 804,00</b>	<b>7,15</b>	<b>5,74</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>								

## APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
R'000						
DESCRIPTION	YEAR 2012	YEAR 2013/2014		2014/2015 VARIANCE		
	ACTUAL	ORIGINAL	ADJUSTMENTS BUDGET	ACTUAL	ORIGINAL BUDGET (%)	ADJUSTMENTS BUDGET (%)
Revenue By Source						
Property rates	7 211 000	6 200 000	7 150 000	7 124 000	13	0
Property rates-penalties & collection charges	337 000	450 000	450 000	483 000	7	7
Service charges-electricity revenue	16 696 000	18 322 000	18 322 000	17 874 000	-3	-3
Service charges-Water revenue						
Service charges-sanitation revenue						
Service charges-refuse revenue	1 081 000	1 113 000	1 113 000	1 141 000	2	2
service charges-other						
Rental of facilities and equipment	335 000	385 000	275 000	253 000	-52	-9
Interest earned-external investments	3 410 000	1 750 000	3 800 000	3 223 000	46	-18
Interest earned-outstanding debtors						
Dividends received						
Fines	2 461 000	1 902 000	2 600 000	3 252 000	42	20
Licences and permits	2 795 000	2 832 000	2 832 000	2 441 000	-16	-16
Agency services						
Transfer recognised-operational	54 257 000	33 139 000	21 377 000	21 831 000	-52	2
Other revenue	525 000	755 000	841 000	1 954 000	61	57
Gains on disposal of PPE						
TOTAL REVENUE (excluding capital transfers and contributions)	89 108 000	66 848 000	58 760 000	59 576 000	-12	1
Variances are calculated by dividing the difference between actual and original/adjustments budget by actual						

# APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						
DETAILS	BUDG ET	ADJUSTM ENTS	ACTU AL	VARIANCE		Major conditic applied by dor (continue  below if necessary)
		BUDGET		ADJUST MENTS		
				BUDGET		
FINANCE MANAGEMENT GRANT	1650	1650	1650	0	0	
INEG		5263	5263	100	0	
MUNICIPAL SYSTEM IMPROVEMENT	890	890	890	0	0	
EPWP	1000	1140	1140	12,28	0	
MAP,LIBRARY,ECONOMIC DEVELOPMENT/TOURISM	1869	634	634	-194,79	0	
TOTAL	5409	4314	4314	-82,51	0	

## APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

CAPITAL EXPENDITURE - FUNDING SOURCES: YEAR 2012/2013 TO YEAR 2013/2014						
R'000						
DETAILS	2012/2013	2013/2014				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
<b>Source of finance</b>						
Grants and subsidies	62643	12487	26110	16522	52,18%	24,42%
Internal generated funds		21713	28948	-	24,99%	0%
<b>Total</b>	<b>62643</b>	<b>34200</b>	<b>55058</b>	<b>16522</b>	<b>37,88%</b>	<b>-106,10%</b>
<b>Percentage of finance</b>						
Grants and subsidies	100%	36,51%	21,09%	100%		
Internal generated funds	-	63,49%	52,58%	-		
<b>Capital expenditure</b>						
Electricity	10285	16730	27993	10510	40,24%	-59,18%
Road and storm water	4193	12547	17192	12186	27,02%	-2,96%
Stalls	4268	-	2174	2485	100%	100%
Bus shelter		-	265	215	100%	100%
Other		4923	7434	91	33,78%	
<b>Total</b>	<b>18746</b>	<b>34200</b>	<b>55058</b>	<b>25487</b>	<b>37,88%</b>	<b>-34,19%</b>
<b>Percentage of expenditure</b>						
Electricity	54,87%	48,92%	50,84%	41,24%		
Road and storm water	22,37%	36,69%	31,23%	47,81%		
Stalls	22,77%	-	3,95%	9,75%		
Bus shelter	-	-	0,48%	0,84%		
Other	-	-	13,50%	0,36%		



## APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

The table below reflects projects that require intervention from different sector Department. These projects are among the finding that were identified during the IDP public and stakeholder engagements.

Project	RESPONSIBLE DEPATMENT
Rural Roads	KZN Department of Transport
Clinics and Hospitals	Department of Health
Schools and FET colleges	Department of Education
Cell phone networks in rural areas	Vodacom, MTN and Cell C

## APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

The Mthonjaneni Municipality has not made any loans during the 2013/2014 financial year.

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## VOLUME II: ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the 2013/2014 financial year are attached as **annexure A** to this document.

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